Import of Material for Electronic Industry

747. SHRI RAOOF VALIULLAH: Will the PRIME MINISTER be pleased to state:

(a) whether it is a fact that 90 per cent of the production material for electronic industry is being imported though these are available in the country in natural form, if so, what measures are being taken to encourage electronic component industry to attain self-sufficiency;

(b) what is the turn-over of electronic industry this year and what is the target by the end of Seventh Five Year Plan;

(c) whether Government have decided to ban CKD and SKD kits for consumer electronic industry; and

(d) if so, what is the net saving in terms of foreign exchange?

THE MINISTER OF STATE IN THE MINISTRY OF SCIENCE AND TECHNOLOGY AND THE MINISTER OF STATE IN THE DEPARTMENTS OF OCEAN DEVELOPMENT, ATOMIC ENERGY, ELECTRONICS AND SPACE (SHRI K. R. NARAYANAN): (a) Electronics industry does not use materials in its natural form. They are processed to improve purity and converted into different shape, size and physical structure and in many cases compounded with other elements before they are put to use. According to an estimate, value-wise around 60 per cent of the present consumption of total materials are being imported which are mainly for electronic compoments. However, steps are being taken to promote indigenous production of materials for electronics industry.

Measures being taken to encourage electronics component industry are given below:

1. Electronic Component Industry has been delicensed.

2. Foreign Collaboration has been allowed liberally.

3. Electronic Component Industry has been exempted from clearance under Section 22A of the MRTP Act.

4. The import duty for the inputs for the manufacture of electronic components has been reduced.

5. Import duty on tools, dies and moulds required by the industry has been reduced to 30 per cent.

6. A large number of capital goods are allowed to be imported on OGL.

7. Import of plant & equipment for project imports allowed at concessional import duty of 30 per cent and for modernisation/balancing at 60 per cent.

(b) The total production of electronics during 1988-89 is anticipated to be Rs. 7085 crores and it is targetted to increase to Rs. 10,860 crores by the end of the Seventh Five Year Plan.

(c) and (d) As per the Import and Export Policy import of electronic SKD/CKD kits is on the banned category. It is difficult to give accurate estimates of any savings accrued as a result of the measures taken.

Reduction of subsidy burden to meet country's Massive Development

748. SHRI RAOOF VALIULLAH: Will the Minister of PLANNING be pleased to state:

(a) whether Government are considering to reduce the subsidy burden to meet the country's massive development plans, if so, whether Planning Commission has identified various sectors of the economy where subsidies are not required;

(b) whether it is felt that restructuring of the entire Subsidy scheme is necessary in order to raise Government's saving, if so, whether the Planning Commission has undertaken the exercise of selecting priority areas where subsidy is required; and

(c) what is the total amount of direct and indirect subsidies in the economy?

THE MINISTER OF PLANNING AND THE MINISTER OF PROGRAMME IMPLEMENTATION (SHRI MADHAVSINH SOLANKI): (a) and (b) There is a continuous review by the Government of India of all subsidies passing through the Central Budget. The Seventh Plan has identified the possible areas of subsidy reduction. In this context it has been stressed that all but the most essential subsidies, whether implicit or explicit, should be reduced so as to augment savings for the Plan. Open-endedness of many of the present subsidies which tend to benefit not so poor should be kept down to a reasonable level. Rationality of various subsidy proposals, particularly in Plan Schemes, will require to be examined more thoroughly taking into account the possibility of leakages, economic status of beneficiary groups and the cost-benefit case for the subsidy. Another important area for subsidy reduction is the loss making units for which time bound programmes have been suggested to be drawn up. While identifying areas for reduction of such subsidies, the Seventh Plan also recognises that the subsidies meant for poor household are justified on grounds of equity and long-term needs and, therefore, cannot be eliminated.

(c) A statement giving broad details of the subsidies and the amount spent thereon during the years 1984-85 to 1988-89 is attached. (*See* below)

Statement

Details of Subsidies

(Rs. crores)

Item	1984-85 Actuals	1985-86 Actuals	1986-87 Actuals	1987-88 R.E.	1988-89 B.E.
A. *Major Subsidies*	**3546**	**4305**	**4685**	**5370**	**6391**
1. Food	1101	1650	2000	2200	2300
2. Indigenous Fertilizers	1200	1600	1700	2050	2750
3. Imported Fertilizers	727	450	197	160	250
4. Export Promotion and Market Development	518	605	788	960	1091
B. *Other Subsidies*	**662**	**624**	**891**	**909**	**925**
5. Railways	100	128	147	170	203
6. Mill made Cloth	53	52	36	27	27
7. Handloom Cloth	0	0	125	127	167
8. Interest Subsidies	507	336	313	432	337
9. Other Subsidies	2	108	270	153	191
Total Subsidies (A+B)	**4208**	**4929**	**5576**	**6279**	**7316**

Source : Central Budget Document, Annexure-3,1 (page-107) of Expenditure Budget—1938-89 Vol I